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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte ROD A. CHERKAS,
DEVIN W. BREISE,
JEFFREY H. BROWN, and
ELIZABETH S. CABRERA

Appeal 2009-011287
Application 09/900,485
Technology Center 3600

Before JAMES D. THOMAS, ANTON W. FETTING, and JOSEPH A. FISCHETTI, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL[1]

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[1] The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the "MAIL DATE" (paper delivery mode) or the "NOTIFICATION DATE" (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

STATEMENT OF THE CASE[2]

Rod A. Cherkas, Devin W. Breise, Jeffrey H. Brown, and Elizabeth S. Cabrera (Appellants) seek review under 35 U.S.C. § 134 (2002) of a final rejection of claims 1-26, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

The Appellants invented a way of providing tax related information pertinent to investment transactions (Specification ¶ 0002).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below [bracketed matter and some paragraphing added].

> 1. A computer implemented method of determining the consequences of an investment transaction to a potential total future tax liability of a user, the method comprising:
>
> [1] storing for the user a tax profile
>
> containing tax return data for at least one tax year of the user,
>
> wherein the tax profile combines and stores actual and forecasted tax data particularized to the user,

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[2] Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed September 18, 2008) and Reply Brief ("Reply Br.," filed February 25, 2009), and the Examiner's Answer ("Ans.," mailed December 26, 2008).

wherein the tax profile associated with the user is stored in accessible form in a tax profile database;

[2] accessing the tax profile of the user

to obtain tax return information

relevant to determining the user's total tax liability in a current tax year;

[3] providing the user

with the potential total future tax liability of the user based on a proposed brokerage transaction,

wherein the potential total future tax liability of the user is computed using

the actual and forecasted tax data and

the tax return information of the user from the tax profile.

The Examiner relies upon the following prior art:

Wallman	US 6,161,098	12/12/2000

Claims 1-20 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1-26 stand rejected under 35 U.S.C. § 112, first paragraph, as not enabling a person of ordinary skill in the art to make and use the claimed subject matter from the original disclosure.[3]

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[3] The Examiner included a sentence that "[c]laims 2-18, 21, 23, 25, and 26 are rejected due to their dependence on independent claims 1, 22, and 24" at the end of the rejection. Ans. 4. As these claims were not included in the statement of the rejection but the Examiner clearly included them in the analysis with appropriate reasoning, we take these claims to be within the scope of the rejection.

Claims 1-20 stand rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.[4]

Claims 1-26 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Wallman.

ISSUES

The issue of statutory subject matter turns on whether the claims are drawn to more than abstract concepts. The issue of enablement turns on whether TurboTax® is an enabling embodiment. The issue of indefiniteness turns on whether the Examiner identified antecedent basis and missing essential steps problems. The issue of obviousness turns on whether Wallman's use of TurboTax rendered the claims predictable to one of ordinary skill.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to the Prior Art - Wallman

01. Wallman is directed to managing portfolios of securities for small investors, in which the small investor is able to measure, test and manage taxable events caused by buying, holding and selling securities within the portfolio. Wallman 1:23-29.

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[4] The Examiner included a sentence that "[c]laims 2-18 are rejected due to their dependence on independent claim 1" at the end of the rejection. Ans. 4. As these claims were not included in the statement of the rejection but the

02. Wallman determines the tax consequences from selling multiple assets/liabilities by: a) determining the potential tax consequences from trading various combinations; b) determining the potential proceeds; and c) displaying the potential proceeds and the potential tax consequences. Wallman 3:36-47.

03. Wallman also determines whether a security has been held for a sufficient time to qualify for long-term capital gain treatment (determined by comparing the date of acquisition of such security with the date of expected sale of such security and calculating whether the difference is sufficient to so qualify). Wallman 4:56-63.

04. Wallman can use actual tax data imported from TurboTax® in determining tax consequences. Wallman 6:6-12. The Appellants admit that the disclosed Tax Engine that determines tax consequences operates much as TurboTax® does and they rely on that disclosure for enablement. Specification ¶ [0029]-[0032]; Reply Br. 5.

05. Wallman has the user enter the tax basis and date of acquisition for asset transactions for storage. Wallman 6:15-17.

06. Wallman uses the actual tax data from TurboTax® to determine the user's marginal tax rate for determining tax consequences. Wallman 6:45-49. Alternatively, Wallman simply interacts with TurboTax® and the data already known, and hypothetical data

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Examiner clearly included them in the analysis with appropriate reasoning, we take these claims to be within the scope of the rejection.

stored therein to determine tax consequences. Wallman 6:50-57. This interaction can include exporting data to TurboTax®. Wallman 5:65-6:5.

ANALYSIS

Claims 1-20 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

These claims are to methods for determining consequences of investment transaction on future tax liability. Claims 1, 19 and 20 are independent. Claim 1 recites steps including storing and accessing user data, and providing information to the user. Claims 19 and 20 recite additional steps of receiving data and determining the information that is provided to the user.

The Examiner found that none of the claims were tied to another statutory class nor did they transform something physical. Answer 3. The Appellants responded that the storage transformed data. Reply Br. 3-4.

Here we disagree with the Appellants. The Supreme Court recently held that claims that explained the basic concept of an activity (hedging) would allow the Appellants to pre-empt the use of this approach in all fields, and would effectively grant a monopoly over an abstract idea. *Bilski v. Kappos*, 130 S.Ct. 3218, 3231 (June 2010). Abstract ideas are not patent eligible. *Id.* at 3225.

Claims 1-20 do no more than lay out the concept of storing, retrieving, and providing data. Such operations are inconsequential data gathering and insignificant post solution activity. The claims neither refer to a specific

machine by reciting structural limitations that narrow the computer implemented method to something more specific than a general purpose computer, nor recite any specific operations performed that would structurally define the computer.

The claims recite a limitation even broader than a mathematical algorithm, viz. determining some result without specifying how the determination occurs. This scope encompasses such abstractions as spirit channeling or guessing for such determination, particularly as the information provided does not represent any actual physical measurable entity.

We find the Appellants' arguments regarding data transformation unpersuasive as tax data is intangible and transformation of an intangible entity is mere abstract manipulation. Again, the data does not represent anything physical, but only an estimated value. As in *Bilski*, these claims recite a concept rather than a specific procedure, and a patent including these claims would allow the Appellants to pre-empt the use of this approach in all fields, and would effectively grant a monopoly over an abstract idea.

Claims 1-26 rejected under 35 U.S.C. § 112, first paragraph, as not enabling a person of ordinary skill in the art to make and use the claimed subject matter from the original disclosure.

Each of these claims is independent and each recites providing and/or determining some potential tax liability. None of these claims recite how the potential liability is determined. The Examiner found that the Specification did not describe how they were determined either. Ans. 4.

The Appellants responded that the tax engine is thoroughly described in paragraphs [0029-0032] which states that the engine works in a similar way to how TurboTax® functions, and goes on to explain how this entails storing actual tax forms, rules and entering what data is available into the proper forms to compute a tax liability much as TurboTax® does.

We agree that TurboTax® may be a pre-existing implementation, as claim 1 is no more than putting a prospective transaction into TurboTax® along with existing actual tax return information and saving the data, as providing the resultant liability is then automatic within TurboTax®. There is no disclosure as to how TurboTax® functions, and it is a proprietary product. Merely stating that the tax engine functions as does an existing product whose implementation is undisclosed and unknown fails to describe to one of ordinary skill how to make the claimed tax engine.

Claims 1-20 rejected under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention.

The Examiner found that there was insufficient antecedent basis for the phrase "is computed" finding that it was required to use an active voice "computing." The Examiner also found a number of essential steps were omitted from the claims.

We agree with the Appellants' response and adopt those arguments at Reply Brief pages 6-9 as reasons for why the Examiner is in error.

Claims 1-26 rejected under 35 U.S.C. § 103(a) as unpatentable over Wallman.[5]

We are unpersuaded by the Appellants' recurring argument that Wallman focuses only on tax consequences resulting from a particular sale. Appeal Br. 10-14. The Appellants contend that the claims require computing a total tax liability for an individual. *Id.* Claim 1 limitation [3] recites "providing the user with the potential total future tax liability of the user based on a proposed brokerage transaction." This is a highly ambiguous phrase, because left unanswered is which potential total future tax liability of the user is meant. One of ordinary skill would ordinarily take this to mean the total such liability stemming from the transaction for that user – this is fundamental to marginal analysis, as any liability arising from other factors is fixed as far as the analysis is concerned, and therefore irrelevant. It may be that the total amount that would be theoretically due the IRS is also included in the scope of this phrase, but this only speaks to the breadth rather than the narrowness of the limitation.

It is clear that Wallman provides this total such liability stemming from the transaction for that user. FF 02. Also, since Wallman can import and export its data to and from TurboTax® (FF 04) simply looking at the results in TurboTax® with the data one ordinarily enters into that product would show the total estimated liability due the IRS. It was predictable for one of ordinary skill to do so to make precise quarterly estimated payments to the IRS.

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[5] The Appellants make an argument regarding non-functional descriptive material (Appeal Br. 8-9), but the Examiner did not include this theory in the

We are unpersuaded by the Appellants' argument that combining and storing data in an accessible form is not inherent, as this is essential to any data processing software such as in Wallman. Data processing cannot occur without data, and data must be accessed to do so.

We are also unpersuaded by the Appellants' argument that Wallman does not describe storing both actual and forecasted tax data. Wallman clearly stores actual tax data such as the basis and date acquired of assets. FF 05. Wallman also uses data on projected transactions. FF 02. Since Wallman is able to export its data to TurboTax® any projected transactions entered into Wallman's system must be exported as well, implying that Wallman stores the projected data. The claims make no structural limitations on the nature of a tax profile that contain the data. Certainly once the data was exported to TurboTax® both actual and projected data would be present in the tax file for that program.

CONCLUSIONS OF LAW

Rejecting claims 1-20 under 35 U.S.C. § 101 as directed to non-statutory subject matter is not in error.

Rejecting claims 1-26 under 35 U.S.C. § 112, first paragraph, as not enabling a person of ordinary skill in the art to make and use the claimed subject matter from the original disclosure is not in error.

Rejecting claims 1-20 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention is in error.

Answer.

Rejecting claims 1-26 under 35 U.S.C. § 103(a) as unpatentable over Wallman is not in error.

DECISION

To summarize, our decision is as follows.

- The rejection of claims 1-20 under 35 U.S.C. § 101 as directed to non-statutory subject matter is sustained.
- The rejection of claims 1-26 under 35 U.S.C. § 112, first paragraph, as not enabling a person of ordinary skill in the art to make and use the claimed subject matter from the original disclosure is sustained.
- The rejection of claims 1-20 under 35 U.S.C. § 112, second paragraph, as failing to particularly point out and distinctly claim the invention is not sustained.
- The rejection of claims 1-26 under 35 U.S.C. § 103(a) as unpatentable over Wallman is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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